

International Trade

 Exchange of Good and Services between nations



Comparative Advantage

- The value a nation gains by selling goods that it produces most efficiently.
 - Countries specializing
 - USA High Tech (computers, machinery), Steel
 - Japan/Korea Toys, Clothing, Shoes (cheaper labor)



- Tariff TAX that is imposed on imports.
- Quota QUANTITY limits on imported goods



ENBARGO

 Total BAN of specific goods coming into and leaving a country

Cuba

- Health: Poisoned fruit, pesticide problems
- Political: End war through economic means
 - Cuba (over 40 year US embargo)
 - Vietnam (lifted in the '80's)
 - Persian Gulf / Iraq

World Trade Organization

- Global coalition of 135 governments that make rules about trade.
 - GATT (General Agreement on Tariffs & Trade
 - Before WTO......No real enforcement of agreements, so WTO was formed to settle disagreements



Multinationals

- Large Corporations that operate in several countries
 - GE
 - Microsoft
 - Intel
 - McDonalds
 - More and more are adding subsidiaries

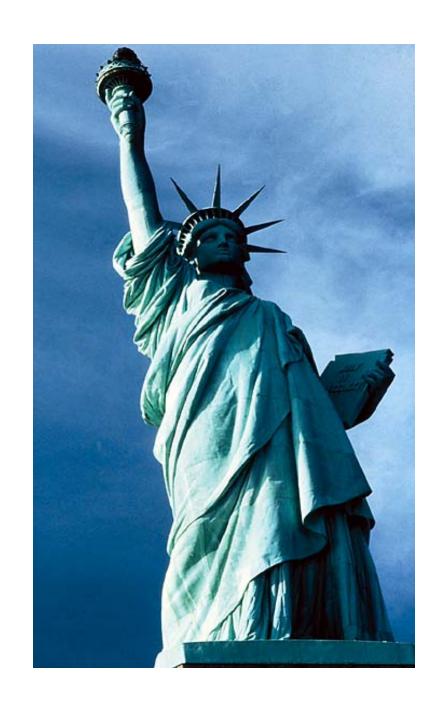


IMPORTS...

➤ Goods &
Services
PURCHASED
from other
countries

EXPORTS...

➤ Goods &
Services SOLD
to other
countries



Absolute Advantage

 When a country has special natural resources or talents that allow them to produce an item at the LOWEST possible cost (No one else can compare).

- CHINA.....Silk

MALAYSIA.....Rubber

- BRAZIL.....Coffee





